

POOR LEGIBILITY

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DUE TO THE QUALITY OF THE ORIGINAL**

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SFUND RECORDS CTR
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SECTION III

Henderson Plant

The relationship of Stauffer and Montrose at Henderson, like the other plants, falls into two categories; one group concerns direct charges and the other group, indirect or prorated charges.

A. DIRECT CHARGES

1. Hydrogen

Based on cost of Natural Gas, if and when used.

2. Miscellaneous Advances

Directly purchased for Montrose and charged at month-end from vendors' invoices.

3. Payrolls

a. Hourly Payroll

There are 29 operators and 11 maintenance men paid by Stauffer who regularly and completely work at the Montrose plant. In addition, Stauffer hourly employees devote part of their time to Montrose operations. This hourly payroll applicable to Montrose operations will be accumulated by San Francisco accounting and be billed to Montrose monthly.

b. Hourly Payroll - Payroll Taxes and Benefits

The total hourly payroll applicable to Montrose (gross earnings) will be multiplied by percentages as shown on Schedule 1-12 to cover all employee payroll taxes and benefits. (Includes payroll taxes, insurance and retirement plans).

c. Salary Payroll

There are 2 office girls, 13 supervisors (including plant superintendent), and 6 laboratory technicians who regularly and completely work for Montrose. This salary payroll is accumulated by San Francisco accounting and billed to Montrose monthly. In addition, there are several Stauffer salary employees who devote part of their time to Montrose; these charges are described under the section on indirect charges.

d. Salary Payroll - Payroll Taxes and Benefits

Actual payroll taxes and benefits are accumulated by San Francisco accounting for the 21 Montrose salary employees and billed to Montrose on an actual basis. Payroll taxes and benefits for

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SECTION III

Henderson Plant (Cont'd)

Stauffer salary employees who devote part of their time to Montrose are billed to Montrose on the basis of 10% of their salaries as described under the section on indirect charges.

4. Power

Cost based on actual usage per separate meter readings. Price of actual cost of power delivered to Montrose which includes Colorado River Commission billing, plus B. M. I. distribution charges, plus proportionate share of line losses, plus proportionate share of cost of energizing and maintaining substations serving Montrose.

5. Rental Land

\$60.00 per month as per lease dated October 1, 1955. The lease covers 7 parcels of land totaling 9.8964 acres as described in the agreement and the amendment to the lease dated April 23, 1958. It will be further amended to include an additional parcel of land (H.) NEB Storage Tanks at Hercules consisting of .2380 acres.

A.	1.1750 acres
B.	8.0200
C.	0.5323
D.	0.0280
E.	0.0702
F.	0.0530
G.	0.0179
H.	0.2380
	<u>10.1344 acres</u>

The lease runs to 1/14/62 with 3 renewal options for periods of 5 years each. Each option is to be exercised one year prior to expiration date of current period.

6. Steam

Plant engineers' reading. Billed at estimated monthly cost adjusted to actual in the month following.

7. Telegraph

This will consist only of messages sent by Stauffer personnel on behalf of Montrose.

8. Telephone

This will consist only of toll charges incurred by Stauffer personnel on behalf of Montrose.

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SECTION III

Randerson Plant (Cont'd)

9. Teletype

Montrose will be billed only for messages sent or received by Montrose personnel or by Stauffer personnel on behalf of Montrose.

10. Water

Charged by meter reading at B. M. I. price.

11. Engineering Salaries

Based on hours spent on actual projects. (Construction in Progress - Appropriations)

12. Fire protection

Nevada Engineering Department has computed the Montrose protected area as follows:

Areas are charged for on basis of standard agreed upon by B. M. I. and member company engineers:

	<u>Sq. Ft.</u>
<u>Montrose Main Plant</u>	
Includes loading area, sewer and acid loaders building	41,100
<u>Benzene Storage Area</u>	
Dyke area 125' x 84' 3"	10,531
<u>Alcohol Storage</u>	
Dyke area 58' x 64'	3,712
<u>MCB Storage Area</u>	
Dyke area 110' x 110'	12,100
<u>Muriatic Acid Plant (Synthetic)</u>	
21' x 23'	483
<u>Montrose Office Building</u>	
12' 3" x 56' 6"	682
<u>Montrose Change House</u>	
26' x 16'	416

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Henderson Plant (Cont'd)

14. Chlorine and Caustic

Chlorine gas and 50% caustic will be billed at prices negotiated by the Stauffer Sales Department and Montrose. Dilute caustic is billed at \$35.00 a ton and Cell Liquor is to be charged at \$44.00 per ton (100% NaOH basis).

15. Maintenance Salaries Supervision

\$0.46 per maintenance man hour. Detailed under allocated charges.

16. Water & Sewer Lines

Cost of repairs to joint facilities of water supply and sewage disposal to be billed upon basis of ratio of water used:

12 months - July 1, 1959 to June 30, 1960 -

901,499,000 Gals. of water (Montrose usage) = 56% of
1,605,438,000 Gals. of water (Total Usage).

B. The following is a summary of Indirect Charges as recommended for the future and previously established:

	<u>Charges Proposed</u>	<u>Previous Charges Effective 9/1/59</u>
1. Salaried Payroll	\$ 704 *	\$ 861
2. Auto Expense	17	24
3. Donations	91	118
4. Garbage & Refuse Removal	37	77
5. Equipment Usage	-0 **	-0
6. Janitorial Service	213	259
7. General Works Expense	694 ***	802
8. Office & Laboratory Facilities	122	158
9. Warehouse Expense	79	79
	<u>\$1,957</u>	<u>\$2,378</u>

* Does not include Salaried Maintenance to be billed as a direct charge at \$0.46 per maintenance manhour. See item 15 under Direct Charges. For detailed analysis of these indirect charges, please refer to supporting Schedule 1 at the close of this report.

** To be charged on an hourly rental basis. Please refer to supporting Schedule 1-5 at the close of this report.

*** Cost of repairs to joint facilities of water supply and sewage disposal have been deleted. They will be billed directly, based upon ratio of water used. This ratio is currently 56%.

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SECTION III

Henderson Plant (Cont'd)

It should be further emphasized that our recommendations for both the direct and indirect charges have been discussed with, and have the approval of, the Henderson plant administration.

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SECTION IV

Torrance Plant

A. DIRECT CHARGES

1. Rental

Stauffer leases 8.74 acres of land to Montrose. On the premises are certain structures consisting of a processing plant, warehouses, machine shop, pipe lines, outside equipment, and office building. The invoice for monthly rental of \$650 is prepared by the Los Angeles office.

2. Property Taxes

Per the lease effected October 1, 1955, property taxes are for the account of the lessee, Montrose. Taxes on improvements and personal property are billed directly to Montrose. Taxes on land are distributed as follows:

17.73 acres total land
8.74 acres leased to Montrose, or 49.3% of total

Taxes on land for the year 1959-1960 amounted to \$4,879.60 of which 49.3%, or \$2,406, was billed to Montrose. The billing is prepared by the San Francisco office.

3. Utilities

Water, both purchased and well water, used by Montrose from the Stauffer facilities, is metered and the monthly billing prepared by the Los Angeles office. Montrose is also billed a flat \$100 per month for electricity for the 25 HP electric motor operating the cooling tower pump and for power and lights in the machine shop.

4. Payroll Charges

Montrose provides leading labor for BEC from time to time at the Stauffer plant. Stauffer is charged actual labor expense plus an 8% overhead factor.

B. INDIRECT CHARGES

There is a Stauffer BEC plant at Torrance on land apart from the property rented to Montrose for the technical DDT plant. The joint use of spur track, roadways, parking lot, etc. are included in the lease agreement and rental charge. The cost of maintenance of common facilities are shared by both companies and worked out between the two managers.

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SECTION VI

Los Angeles Office

A. DIRECT CHARGES

Plant Payroll - The hourly rate payroll at Montrose, Torrance is prepared jointly by the Torrance plant and the Stauffer-Los Angeles office. Charges for labor and employee benefits are cleared out monthly to Montrose. The employees receive Montrose payroll checks, but are covered by the various employee benefit plans of Stauffer.

B. INDIRECT CHARGES

The indirect or prorated charges have again been reviewed as they relate to each department and are summarized below:

	<u>Recommended Sept. 1, 1960</u>	<u>Effective Since 9/1/59</u>
1. Payroll - General Office & Acctg.	\$688	\$623
2. Payroll Taxes and Benefits	69	93
3. Office Rent	140	200
4. Miscellaneous	—	60
Total	\$	\$976

The above recommended charges have been discussed with the Stauffer department heads involved and have their approval. Detailed analysis of the individual charges is set forth in Schedule 2 on page

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SECTION VII

San Francisco Office

A. DIRECT CHARGES

1. Traffic Department

Traffic Department charges are billed monthly on the basis of actual time spent for Montrose plus an 85% overhead factor for secretarial service, office rent, telephone, stationery supplies, etc.

A monthly charge for tank car rental for cars in service of Montrose is also made.

2. Payroll Charges

Montrose-Torrance and Henderson salary payroll and Montrose-Henderson wage payroll plus payroll taxes and benefits are billed monthly by the Payroll Section and charged directly to Montrose.

3. Accounting Department

All direct expenses paid for the account of Montrose by Stauffer are accumulated from the voucher register by the Accounting Department and rebilled to Montrose. These items are incurred at either the San Francisco or the Los Angeles areas and include such items as telephone, gardening, water, savings bonds, etc.

B. INDIRECT CHARGES

1. Employee Relations Department

Labor Relations, Safety Procedures, Employee Welfare and Improvement Programs:

Total employees, Western Division, June 30, 1960 -
(Includes hourly employees West End and Western
Phosphate plants serviced to date)

2,078

Total Montrose Employees (Torrance 115, Henderson 81,
Los Angeles 4)

200

Montrose employees equal 10% of total -

Proposed monthly charge to Montrose Chemical Corporation of California based upon average monthly charges to Employee Relations Department budget for fiscal period July 1, 1959 to June 30, 1960 as follows:-

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SECTION VII

San Francisco Office (Cont'd)

Salaries (Duker, Jenican, Martin and Secretaries) -		
	\$3,189 x .10 =	\$318.90
Payroll Taxes & Benefits (10% of salaries)	319 x .10 =	31.90
Travel Expenses	434 x .10 =	43.40
Service Publications (BNA, AMA, etc.)	56 x .10 =	5.60
Office Overhead (Rent \$91; Telephone & Teletype \$150; Supplies \$8.00; Depreciation \$275)	524 x .10 =	52.40
		<u>\$452.20</u>

Charge to Montrose - \$452.00

2. Accounting Department

a. Payroll Section

Total employees (hourly and salary) paid from San Francisco 6/30/60	1,559
Montrose* employees paid from San Francisco 6/30/60	111

Ratio = 7.15

Average monthly budget charge for Payroll Section is \$2,551

Charge 7.15 to Montrose, or \$ 181

Payroll taxes and benefits at 10% \$ 18

Office rental and overhead \$ 22

Total \$ 221

- * Torrance Salaried - 30
- Henderson Salaried - 21
- Henderson Hourly - 60
- 111

b. Tabulating Section

Total Montrose employees paid by San Francisco Tabulating Section	111
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Cost per man = \$.9345**per month x 111 = \$ 104

Office Rent and Overhead 26

Total \$ 130

** Refer to Schedule 3-1, page

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SECTION VII

San Francisco Office (Cont'd)

Following is a summary of the recommended indirect charges as compared to the previous year:

	<u>Recommended</u> <u>9-1-60</u>	<u>Effective</u> <u>Since</u> <u>9-1-59</u>
Employee Relations Department	\$452	\$308
Accounting Department		
Payroll Section	221	164
Tabulating Section	<u>130</u>	<u>-</u>
	<u>\$803</u>	<u>\$472</u>

The above recommended charges have been discussed with the Stauffer department heads involved and have their approval.

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SCHEDULE 1-1

Recommended Allocation Plan

Charges from Henderson Plant by Stauffer Chemical Company to Montrose

1. SALARIED PAYROLL

Administrative

Orr	5%
Schreck	5%
Edwards	5%

Personnel

Schreck	17%
---------	-----

Traffic

Green	5%
-------	----

Charges for Supervisory and General Personnel - \$356 per Mo.

Timekeeping & Payroll

McMillan	25%
----------	-----

Accounting

Little	1%
--------	----

Spec-Mail-Teletype-Ditto Processing-Multilith

McCaw	2%
-------	----

Personnel

Gardner	25%
---------	-----

Production Records

Sanchez	6%
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Charges for Office and Clerical Personnel - \$284

\$640

10% for Payroll Taxes, various insurance costs, etc. -

64

\$704

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SCHEDULE 1-3

3. DONATIONS AND EMPLOYEE ACTIVITY (1959)

Better Business Bureau	8	100
Association of Industrial and Chemical Engineers		40
L. V. Chamber of Commerce		75
Henderson Chamber of Commerce		200
Board of Regents - University of Nevada		50
Nevada Taxpayers Association		250
American Legion		55
Stauffer Bowling League		300
Las Vegas Shriners' Circus		50
Henderson Firemen		25
Desertaires (Basic High)		30
U. P. Jr. Old Timers Club		20
World Congress of Flight		25
University of Nevada - Artemesia		40
Henderson Municipal Baseball Fund		50
Shrine Circus Fund		50
Nevada Peace Officers		50
Black Mountain Country Club		25
Basic Management (Sign Expense)		171
El Lobo News (Basic High School)		25
Basic High School		10
Executives' Secretaries		28
Henderson Industrial Days Float		154
Emera Club		25
Christmas Party Expense		718
United Fund		1,000
Safety Meeting Expense		38
Flowers		97
		<hr/>
Total		\$3,761

Average one month - \$313. (Ratio of Montrose employees to total)

$$\$313 \times 29\% = \underline{\$91.00}$$

4. REMOVAL OF REFUSE, GARBAGE AND WASTE

6 months, 1960 cost - \$788
Average cost per month - \$131
(Basic - Dollar value ratio payrolls)

$$\$131 \times 28\% = \underline{\$37.00}$$

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SCHEDULE 1-4

5. USE OF EQUIPMENT

Stauffer-owned equipment used by Montrose will be billed on an hourly charge based on the depreciation, maintenance and operating fuel costs to Stauffer. The major items of equipment and the hourly charges are shown on attached sheet. Five pieces of older equipment do not carry a depreciation factor.

The following pages 18, 19, and 20, present details covering the various pieces of equipment and calculated rates to be used for charges. Revisions will be made periodically to provide for equipment changes and shifts in the future. These revisions in hourly rates will be normally handled at the time of each annual survey.

The average cost of hand tools and equipment supplied by Stauffer with each boilermaker, machinist, and carpenter calculates to 8, 12, and 10 cents per manhour, respectively, as shown on the attached sheet. No charge will be made for tools for electricians, instrument machinists, pipefitters, loadburners, or laborers.

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SCHEDULE 1-5

EQUIPMENT RENTAL TO MONTROSE

<u>ITEM</u>	<u>Equipment Cost</u>	<u>Life in Hours</u>	<u>Power or Fuel/Hour</u>	<u>Power Cost/Hr.</u>	<u>Depre. Cost</u>	<u>Maint. Cost/Hr.</u>	<u>Total Cost/Hr.</u>
1. Portable Water Pump	\$1,200	4,160	1 GPH	\$0.36	\$ -	\$0.10	\$0.36
2. Acid Circulating Tank & Trailer	1,200	4,160	3 Hp.	0.02	0.29	0.05	0.36
3. Portable Air Compressor	5,000	10,400	5 GPH	1.80	0.48	0.10	2.38
4. Welders (300 Amp.)	1,000	10,400	20 Hp.	0.15	-	0.05	0.20
5. I-D 9 Tractor	1,338	8,320	3 GPH	1.08	-	0.10	1.18
6. Ethyl Chloride Still Bottoms Trailer	400	8,320	-	-	0.05	0.05	0.10
7. Ethyl Chloride Still Bottoms Tank	800	10,400	-	-	0.08	0.02	0.10
8. Dump Truck - 1 1/2 Ton	3,500	10,400	2 GPH	0.72	0.34	0.10	1.16
9. Dempster Dumpster	6,500	10,400	3 GPH	1.08	0.63	0.15	1.86
10. Towmotor Lift Truck	4,107	10,400	2 GPH	0.72	0.40	0.10	1.22
11. Lorain Crane	6,000	10,400	6 GPH	2.16	-	0.15	2.31
12. Link Belt Crane	8,032	8,320	6 GPH	2.16	0.96	0.15	3.27
13. Crane Car	1,000	8,320	3 GPH	1.08	-	0.10	1.18
14. Power Rack Saw	1,281	10,400	1 Hp.	0.01	0.12	0.05	0.18
15. Lathe	4,340	20,800	10 Hp.	0.08	0.21	0.05	0.34

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SCHEDULE 1-6

BOILERMAKERS

2 Impact Tools - 1 @ \$159 and 1 @ \$125	\$ 250.00
Slings	80.00
1 Power Band Grinder	30.00
1 Acetylene Welder	200.00
Hand Tools and Safety Equipment	<u>260.00</u>
	\$ 820.00

Use 5-year life for depreciation and maintenance - 10,400 Hrs.

$$\text{Cost per hour per man} = \frac{\$820}{10,400 \text{ Hrs.}} = \$0.08/\text{hr./man}$$

MACHINISTS

1 Acetylene Welder	\$ 200.00
1 Electric Drill (Hand)	40.00
1 Drill Press	75.00
1 Air Drill (Hand)	70.00
1 Shaper (250.00 A. C.)	250.00
1 Blower (Portable)	45.00
1 Power Hoist	250.00
1 Hand Hoist	47.00
1 Bench Grinder	50.00
1 Portable Grinder	30.00
1 Micrometer Set	30.00
Hand Tools and Safety Equipment	<u>101.00</u>
	\$1,248.00

Use 5-year life for depreciation and maintenance - 10,400 Hrs.

$$\text{Cost per hour per man} = \frac{\$1,248}{10,400 \text{ Hrs.}} = \$0.12/\text{hr./man}$$

CARPENTERS

2 12" Crescent Wrenches	\$ 6.00
2 10" Crescent Wrenches	5.00
1 Skill Saw	81.50
1 Sander	104.90
2 Braces and set of bits (2 x \$14.13) + \$30	58.26
2 Hand Saws (\$8.00 ea.)	16.00
6 Screw Drivers (\$1.60 ea.)	9.60
2 Levels (\$9.50 ea.)	19.00
1 Claw Hammer	4.00
1 Wood Chisel Set	25.00
Tapes - Metal	2.75
1 Hand Ax	<u>3.40</u>

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SCHEDULE 1-7

CARPENTERS (Cont'd)

1	Wrecking Bar	\$	2.50
2	Trowels		4.00
1	Framing Square		9.95
1	Combination Squares		4.90
1	15" Smoothing Plane		12.00
1	Block Plane		3.00
1	Chalk Box & Line		2.00
1	Mitre Box and Saw		25.00
1	Keyhole Saw		1.50
	Rasps and files, Nail Punches		28.75
	Safety Equipment		30.00
		\$	<u>513.61</u>

Use 5-year life for depreciation and maintenance - 10,400 Hrs.

Cost per hour per man = $\frac{\$513.61}{10,400/\text{Hr.}}$ = \$0.05/Hr./man

Estimated cost of maintenance and depreciation for large items at Carpenter Shop to be added to the above figure. Suggest Estimated Cost to be \$0.05/Hr./man.

Total Cost/Hr./man to be \$0.05 + \$0.05 = \$0.10/Hr./man.

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POOR QUALITY ORIGINAL

SCHEDULE 1-8

6. JANITORIAL SERVICE

Average of 4 hrs. per day for 5 days per week:

$\$1,278 \div 6 =$

\\$213

$(2.235 \times 20 \text{ hrs.} - 44.70 \times 26 = \$1,162 \div 10\% = \$1,278)$

7. GENERAL WORKS

	<u>Watchmen</u>	<u>General Shop</u>	<u>Road & Yard Expense</u>	<u>Union Time</u>
Labor	\$13,655	\$13,032	\$1,228	\$498
Material	-	7,593	523	-
TOTAL	\$13,655	\$20,625	\$1,751	\$498

Watchmen: Distribution based on Fire Protection

Labor - $\$13,655 \div 6 \text{ mo} = \$2,276 \text{ cost per month}$

$\$ 2,276 \div 408,249 \text{ sq. ft. (Total protected area)} =$
 $\$5.57 \text{ per M. sq. ft.}$

Montrose Total Area (93,921 sq. ft.) less area under 24-hour observation by Montrose operators (43,465 sq. ft.) = 50,456 sq. ft. (Montrose protected area) $\times 5.52 \text{ per month} =$

\\$281

General Shop Expense: Distribution based on ratio of Montrose borrowed Maintenance Men to Stauffer total Maintenance Men:

$6 \div 61 = 10\%$

Labor	\$13,032
Material	7,593
	<u>\$20,625</u>

Less Maintenance Major Equipment 2,396

$\$18,229 \div 6 = \$3,038. \text{ per mo. } \times 10\% =$

\\$304

in place of health cost

out
6

Road & Yard Expense: (Distribution based on number of employee ratio)

Labor	\$1,228
Material	523

$\$1,751 \div 6 = \$292 \times 29\% =$

\\$85

Union Time: (Distribution based on number of employee ratio)

$\$ 498 \div 6 = \$83 \text{ per mo. } \times 29\% =$

\\$24

TOTAL \\$ 694

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40-1-11
800*

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POOR QUALITY ORIGINAL

SCHEDULE 1-9

7. GENERAL WORKS (Cont'd)

DESCRIPTION OF CHARGES INTO GENERAL SHOP
Six Months through June 30, 1960

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<u>Description</u>	<u>Labor</u>	<u>Material</u>	<u>Total</u>
<u>Tool Room Attendant</u> - Material includes purchase of tools, gloves, welding rod, oxygen, acetylene, nitrogen, etc.	\$ 3,270	\$1,906	\$5,176.
<u>Shop Janitor</u> - Clean-up - Grease and oil shop equipment, maintain washroom facilities, material purchases, including oil, rags, soap, cleaning reagents, etc.	2,324	1,354.	3,678.
<u>Maintenance Major Equipment</u> - includes Loraine Cyans, welders, Jumper Pump, I.R. Compressor, Krupp car, Road Grader, etc.	1,514	882.	2,396.
<u>Maintenance General Shop Building</u> - includes repair of coolers, water coolers, changing lights, painting building	4,164	2,426.	6,590
<u>General Monthly Orders</u> - Small misc. jobs - Standby - Small tool maintenance			
Inst. & Electricians	\$170.		
Machinists	57.		
Pipefitters	38.		
Painters & Carpenters	284.		
Truckdrivers	-		
Laborers	57.		
Boilermakers	57.		
	663.	386.	1,049.
<u>Motor Repairs</u>	113.	66.	179.
<u>Maintenance Carpenter Shop & Paint Shop</u>	227.	132.	359.
<u>Maintenance Electrical & Inst. Shop</u>	57.	441.	1,198.
TOTAL	<u>\$13,032.</u>	<u>\$7,593.</u>	<u>\$20,625.</u>

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POOR QUALITY ORIGINAL

SCHEDULE 1-10

8. OFFICE & LABORATORY FACILITIES

Maintenance Labor	\$1,166	
Janitor Labor	<u>2,310</u>	\$ 3,476
Maintenance Material	\$ 761	
Janitor Supplies	<u>709</u>	<u>1,470</u>
		\$ 4,946

Apply percentage of Montrose occupied space to
total occupied space $\frac{1215}{19384} = 6\%$

$6\% \times \$4,946 = \$299 \div 6 = \$50$ per mo.

$\$50 \div 1,215 = \0.04 per sq. ft.

Utilities

Water	\$ 116	
Power 216,100 KWH @ .004	<u>864</u>	
Steam 775.60 tons @ 1.50 ton	<u>1,133</u>	\$ 2,113

Other Costs

Depreciation (25-year basis) \$11,929 per yr. - 6 mos. 5,365

Fire Protection -
36,679 sq. ft. @ 4.75 = \$174 x 6 mos. 1,044

Insurance (Plt. Avg. \$1,596 per mo. @ 408,249 sq. ft. =
\$3.91 per mo. per 1M sq. ft.)
\$3.91 x 36,679 = \$143 x 6 = 858

Taxes - Value of Bldg. (net) \$118,046 x 37 1/2% = \$44,267
\$44,267 x 3.315 = \$1,467 x 2 = 734

Expense of Utilities & Other Costs for 6 mos. \$10,714

Cost per Month \$ 1,786

Cost per Sq. Ft. - Maintenance and Janitor Labor & Material \$ 0.04

Cost per Sq. Ft. Utilities & Other Costs -
\$1,786 @ 31,378 (total sq. ft. occupied and
unoccupied) \$ 0.06

Cost per Square Foot \$ 0.10

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SCHEDULE 1-11

Montrose Charge

H. Hooper's office	426 sq. ft.	
Montrose Laboratory	629 sq. ft.	
Chemical Storage Room	<u>160 sq. ft.</u>	
Charge to Montrose	1,215 sq. ft. @ 10¢ =	<u>\$122</u> ✓

9. WAREHOUSE EXPENSE

Power		\$ 300
Water		240
Steam (1,059.70 tons x \$1.50/ton)		1,590
Depreciation (25-year basis) \$2,055		
6 months less 36% - Shop		1,315
Taxes:		
\$57,269 @ 37 1/2% = \$21,476 x 3.315 =		228
\$712 less 36% Shop = \$456 x 2 =		
Fire Protection:		
13,590 sq. ft. x 4.75 = \$65 x 6 =		390
Insurance:		
13,590 sq. ft. x 3.91 per sq. ft. x 6 =		<u>318</u>
	Total 6 Mos. Expense	<u>\$4,381</u>
\$4,381 ÷ 6 = \$730 per month		
\$730 per month ÷ 13,590 sq. ft. = \$0.05/sq. ft.		
Montrose area 1,576 sq. ft. @ 9¢/sq. ft. =		\$ 79

Maintenance Labor and Material have been deleted from the above computation. Montrose will be billed directly for major maintenance such as re-roofing or exterior painting on basis of their square foot ratio to total. They will maintain their own area.

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POOR QUALITY ORIGINAL

SCHEDULE 1-12

Calculation for Burden Consideration

A. LABOR VALUE RATIO

Total Montrose Labor (6 Months 1960) \$272,135
 Total Montrose and Stauffer (6 Months 1960) 580,511 = 26% Labor Value Ratio

B. NUMBER OF EMPLOYEES RATIO

Montrose:
 Salary 21
 Operators 29
 Maintenance (Assigned) 31
 Maintenance (Borrowed) 6
 87 = 29% Number of Employees Ratio

Calculations on Montrose Borrowed Maintenance (6 Months) -
 128 Maintenance days x 8 = 1,024 Hrs. = 1 Man

5771.9 Hrs. + 1,024 Hrs. (Total borrowed maintenance hours - Montrose) = 6 Men

C. EMPLOYEE PAYROLL TAXES AND BENEFITS RATE FOR MONTROSE HOURLY EMPLOYEES

Straight Time Earnings (1959)	\$1,227,142.81
Premium Payments	75,148.33
Payments Unworked Time	70,096.66
Clothing and Meal Allowance	<u>5,086.20</u>
Gross Earnings	\$1,377,474.00
Payroll Taxes (Legally Required Benefits)	\$ 70,067.15
Insurance & Retirement Plans (Voluntary Benefits)	<u>69,824.00</u>
	\$ 139,891.15
139,891.15 ÷ 1,377,474.00 = 10%	

D. EMPLOYEE PAYROLL TAXES AND BENEFITS RATE FOR STAUFFER HOURLY EMPLOYEES WORKING FOR MONTROSE

Straight Time Earnings	\$1,227,142.81
Premium Payment	75,148.33
Clothing & Meal Allowances	<u>5,086.20</u>
	\$1,307,377.34
Payments Unworked Time	\$ 70,096.66
Payroll Taxes (Legally Required Benefits)	70,067.15
Insurance & Retirement Plans	<u>69,824.00</u>
	\$ 209,987.81
\$209,987.81 ÷ \$1,307,377.34 = 16%	

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POOR QUALITY ORIGINAL

SCHEDULE 2-1

Recommended Allocation Plan

Charges from Los Angeles Office by Stauffer Chemical Co. to Montrose

1. PAYROLL CHARGES FOR GENERAL OFFICE AND ACCOUNTING

Typist - M. Stickler	35.0%
Mail Clerk - B. Holland	5.0
Comptometer Operator - C. Green	25.0
Payroll Checks, etc. - F. Tyck	5.0
Supervision - T. V. Hunter	15.0
Sales - L. Isler	25.0
- Secretary	12.5
PEX Operator - G. Hines	10.0

Total Payroll Charges

\$638

2. PAYROLL TAXES AND BENEFITS - 10% of Payroll

69

3. OFFICE RENT

Estimated area used in 400 South Virgil Avenue Building is
732 sq. ft. x \$4.50/sq. ft. (per Pro forma Statement) =
\$1,674 ÷ 12 =

140

4. MISCELLANEOUS

Estimated amount to cover depreciation on office machines,
stationery, local telephone calls, etc.

Total Allocated Charges

111

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Schedule 3-1

Computation of Processing Payroll on IBM

(Based on 250-man Payroll)

	<u>Hours</u>	<u>Cost</u>	<u>Total Cost</u>
Key Punch and Verifier Operator Time	25	\$3.04 (1)	
Tabulating Operator Time	13	<u>3.04</u>	
Add 22% for Supervisory Labor			\$115.52
			<u>25.41</u>
Key Punch and Verifier Machine Time	25	.303 (2)	\$140.93
Tabulating Machine Time	13	3.925 (3)	7.58
Supplies			52.03
			<u>20.00</u>
Payroll Taxes and Benefits at 10%			<u>14.09</u>
Cost for 250-man Payroll			<u>\$233.63</u>

Cost per man \$233.63 divided by 250 = \$.9345

(1) IBM Section annual payroll for year 1960 estimated at \$49,860
divided by 16,300 annual hours = \$3.04 per hour.

(2) Hourly Rate of key punch and verifier machine time:

1-024	\$.286
1-056	.320
	<u>8.608</u> divided by 2 = .303 per hour

(3) Hourly Rate of tabulating machine time:

1-083	\$.733) weigh as one machine
1-077	.666	
1-514	.733	
1-407	6.133	
1-521		
- (609)	<u>3.509</u>	

\$11.774 divided by 3 = \$3.925 rate per hour

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